



# **Iowa Medicaid: MMIS Update**

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## Overview

- What is Medicaid?
- What is Medicaid Management Information System (MMIS)?
- MMIS Procurement Process/Funding
- Legal Challenge
- Impacts
- Next Steps



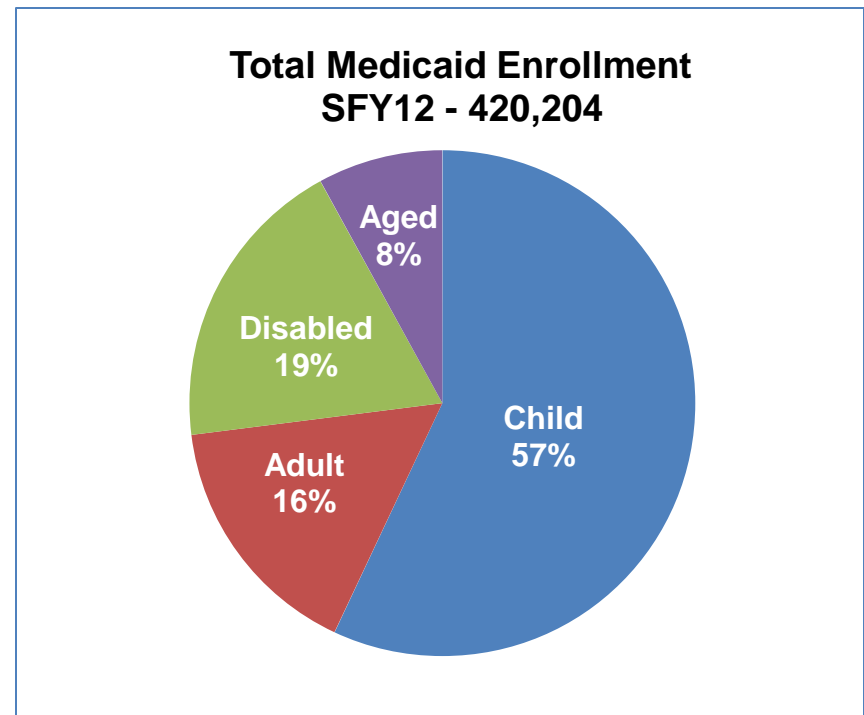
## What is Medicaid?

- Medicaid is free or low cost health care coverage for financially needy Iowans, including parents with children, children, people with disabilities, elderly people, and pregnant women



## Who is Helped

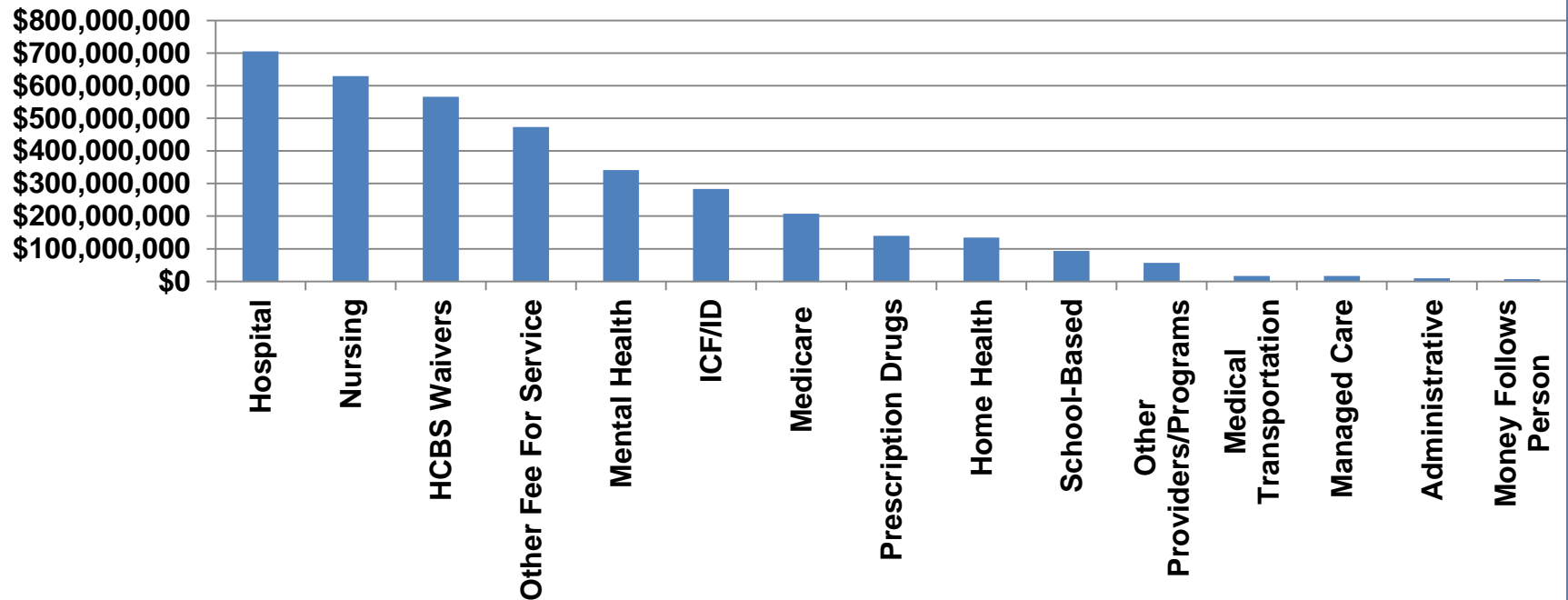
- Projected to serve more than 684,000 (unduplicated) Iowans in FY14 or 22.4% of Iowa's population.
- Iowa's second largest payor, processing nearly 33 million claims in FY12.
- Health payor, not direct service provider
- Contracts with over 38,000 Iowa health care providers





## Services Covered

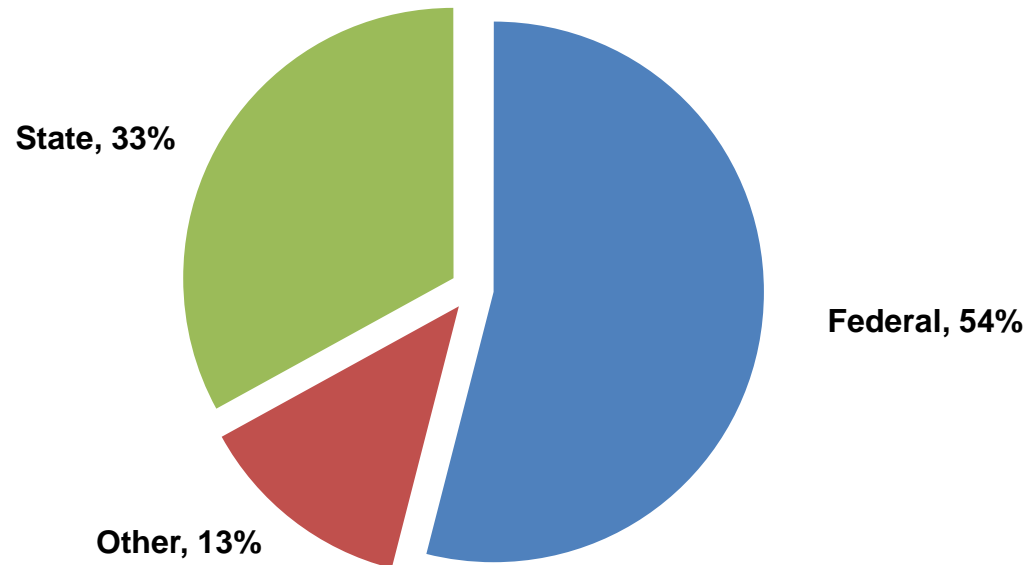
**SFY14 Medicaid Expenditures by Provider Type \$3.6 Billion \***





# Iowa Department of Human Services

## Medicaid Funding Share SFY2014 \$3.87 Billion \*





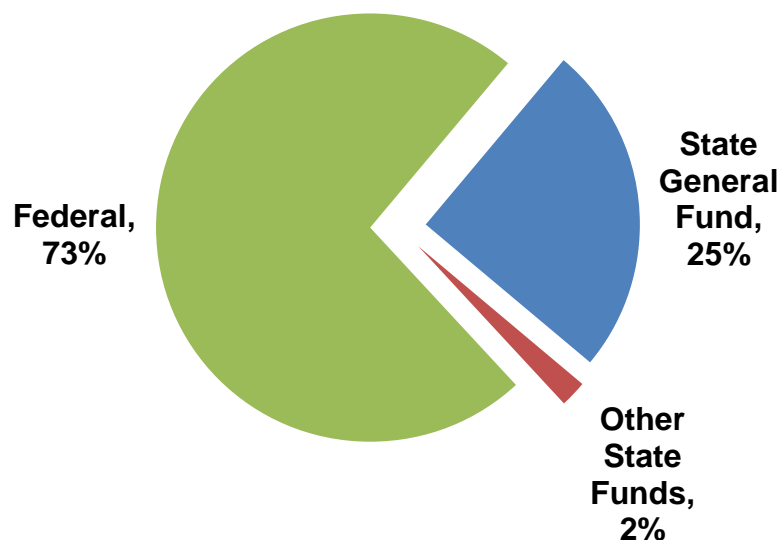
## Managing Iowa's Medicaid Program

- Iowa Medicaid Enterprise (IME) is a Division of DHS that administers the Medicaid program
- State staff lead and manage 9 performance-based private vendor contracts. Vendors carry out the majority of business functions of operating the program
  - The management of the MMIS IT system is a component of the CORE/MMIS contract which also includes claims processing operations
- Goal of 'best of breed' vendor in each business function
- Medicaid administrative overhead is less than 4%

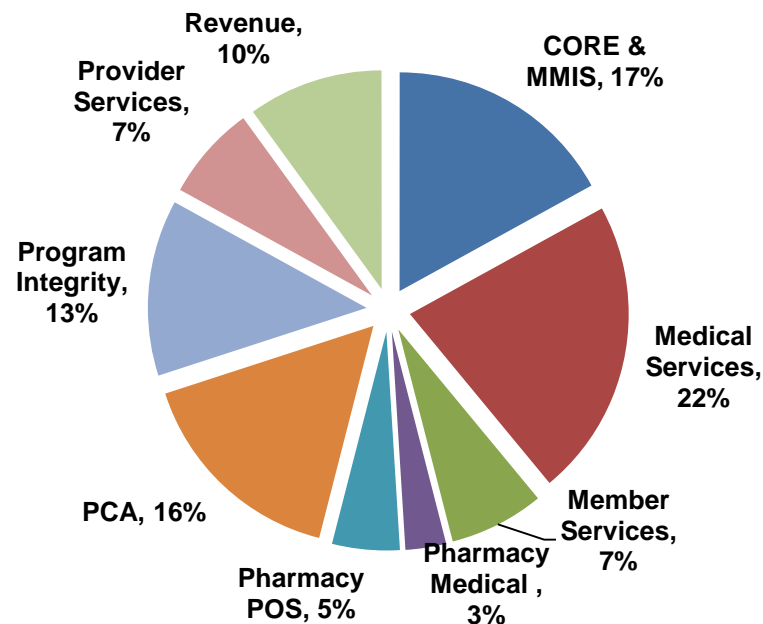


## IME Contracts Funding: FY 14 \$62.7M\*

### IME Funding Sources



### IME Contracts







## What is the MMIS?

- MMIS is a large complex IT system that supports all aspects of Medicaid administration. MMIS supports data processing and analysis and is a vital tool for the implementation of state Medicaid policy for policymakers.
  - Processes over 33M provider claims per year from over 38,000 providers
  - Provides data for complex federal reporting requirements on a member/claim level of detail
  - Addresses multiple benefit plans; dozens of reimbursement methods and tens of thousands of health care claims codes
- MMIS is the means by which 38,000 private health care providers receive timely and accurate payments
  - IME pays claims in less than 7 days, on average. Majority of claims submission and payment is electronic.



## MMIS continued

- Combination of several systems, but prime system is 1970s era COBOL mainframe
- State-owned
- Mainframe housed with ITE – ITE manages hardware, IME CORE contract supports software with 9 programmers (less than 5% of total IME contract costs)



## CMS Role with MMIS

- MMIS operations and software costs receive 75% federal match; system improvements receive 90% federal match with CMS prior approval
- CMS closely oversees all operations and funding
- To receive federal funding, must have CMS prior approval all contracts and project funding; includes review and approval of all RFPs, and the final contract



## CMS Certification of MMIS

- CMS requires MMIS systems to undergo “Certification” prior to receiving enhanced 75% match for operations
  - Iowa’s MMIS was last certified in 2006 under old standards
- CMS is in the process of making major changes in its Certification processes—it is not completed yet.
  - In the future, certification will require compliance with CMS’s ‘Medicaid Information Technology Architecture (MITA) Version 3.0’. No MMIS has been certified under MITA 3.0 because the process is not complete.
  - When a new Iowa MMIS is in place, CMS will have new certification processes and requirements
- Note: CMS approached Iowa to work with them to develop the new certification process



## 2008: IME Procurement - 2 phases

- Need to reprocure all 9 IME contracts including possibly new MMIS & POS systems
- 2 separate procurements:
  1. **IME Professional Services** (7 Professional Services contracts) timed to existing contract expiration on 6/30/10
  2. **CORE Services/Pharmacy POS** contracts options did not expire until 6/30/13



Oct/Nov  
2008

RFP for **Technical Assistance** Vendor to assist in research, analysis to support decisions and RFP development



Dec 2009-  
June  
2010

**IME Professional Services RFP**  
development, issuance and contract negotiation



July 1,  
2010

**7 IME Professional Services contracts start up**



## Phase 2: Systems Procurement Goals

- The second phase of IME reprocurement was needed to procure the CORE operations contract and the Pharmacy POS contract.
- Planning for the RFP included analysis of options regarding replacement of the legacy MMIS in the procurement.
- Desire for competition
  - MMIS market has small number of vendors
  - High Cost for bidders: MMIS vendors as much as \$1M to bid on RFPs

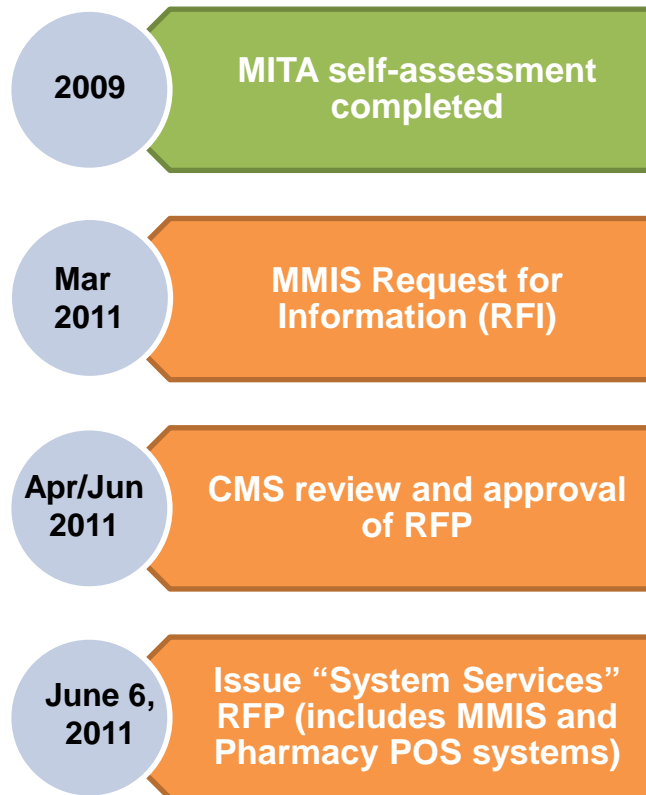


## Benefits of New MMIS

- Current MMIS does not meet the needs of operating today's Medicaid program
  - Rapid and constant program changes (state and federal); increasing complexity that cannot be implemented in current system
  - Future federal standards and requirements that current MMIS can not meet cost-effectively, long-term
  - Strong support from provider groups and HHS policymakers for new system
- The benefits of the new MMIS are:
  - Faster (real time), more transparent and accurate claims processing for providers
  - Greater flexibility to fulfill policymakers expectations for implementing state policy
  - Lower operating costs through a modern IT platform, including rules engine and service oriented architecture
  - Better care management through data and ability to interface with electronic health records for members and providers



## 2010/2011: MMIS/POS Procurement



### Budget and Funding

9/2010 DHS Budget Request  
1/2011 2011 Legislative Session  
1/2011 Governor's Budget  
2/2011 HHS Approps. Subcomm.  
6/2011 RIIF appropriation\*

***\*RIIF Appropriations also include funds for 2 other projects in addition to new MMIS (see next page)***





## RIIF appropriation

- RIIF Appropriation: \$14.4M Total
    - 2011 Iowa Acts, Chapter 133, Division II, Section 5 (Amended in 2012)
- |              |              |
|--------------|--------------|
| FY 2011-2012 | \$ 3,494,176 |
| FY 2012-2013 | \$ 4,667,600 |
| FY 2013-2014 | \$ 4,267,600 |
| FY 2014-2015 | \$ 1,945,684 |
- Budget request/RIIF appropriation includes 3 projects
    - New MMIS/POS System - \$7.9M of the \$14.4M
    - MMIS ICD-10 project (current MMIS)
    - New Eligibility System ( separate RFP from MMIS)



## RFP Process

- DHS received DAS IT Procurements Sub-Committee of the Interim Technology Advisory Council approval to issue RFP in October 2010.
- DHS hired a nationally recognized Medicaid consulting firm to write RFP
- Utilized evaluation team (DHS and external) with Medicaid operation knowledge and expertise
- CMS and Attorney General Office review of RFP, evaluation, award

Note: CMS regulations (42 CFR 431.10) require the designated state Medicaid agency to administer and the agency must not delegate, to other than its own officials, authority to: Exercise administrative discretion in the administration or supervision of the plan, or issue policies, rules, and regulations on program matters.



## MMIS Award

- **9/2011** System Services RFP bids received:
  - Noridian subcontracting with CNSI for the new MMIS system
  - Accenture – new MMIS
  - Goold Health Systems (GHS) for Pharmacy POS
- Evaluation committee of 8 members scored each bid on technical scores. Cost score at the end.
- Accenture & Noridian/CNSI received almost identical technical scores. Committee believed both vendors were able to perform the work
- Cost – Noridian/CNSI total bid \$11.6M higher than Accenture
- **12/2011** – Notice of Intent to award to Accenture for MMIS and GHS for POS



## Appeal by Noridian

### MMIS

- 1/4/2012: Noridian appealed MMIS award and asked for a stay of signing the contract
- DHS did not award while director reviewed the stay request
- 3/8/2012: Director's decision denying stay request
- 5/22/2012: Contract with Accenture fully executed, with CMS approval

### Pharmacy POS

- No appeal of award to GHS
- Contract executed and new POS will go live 10/1/2013



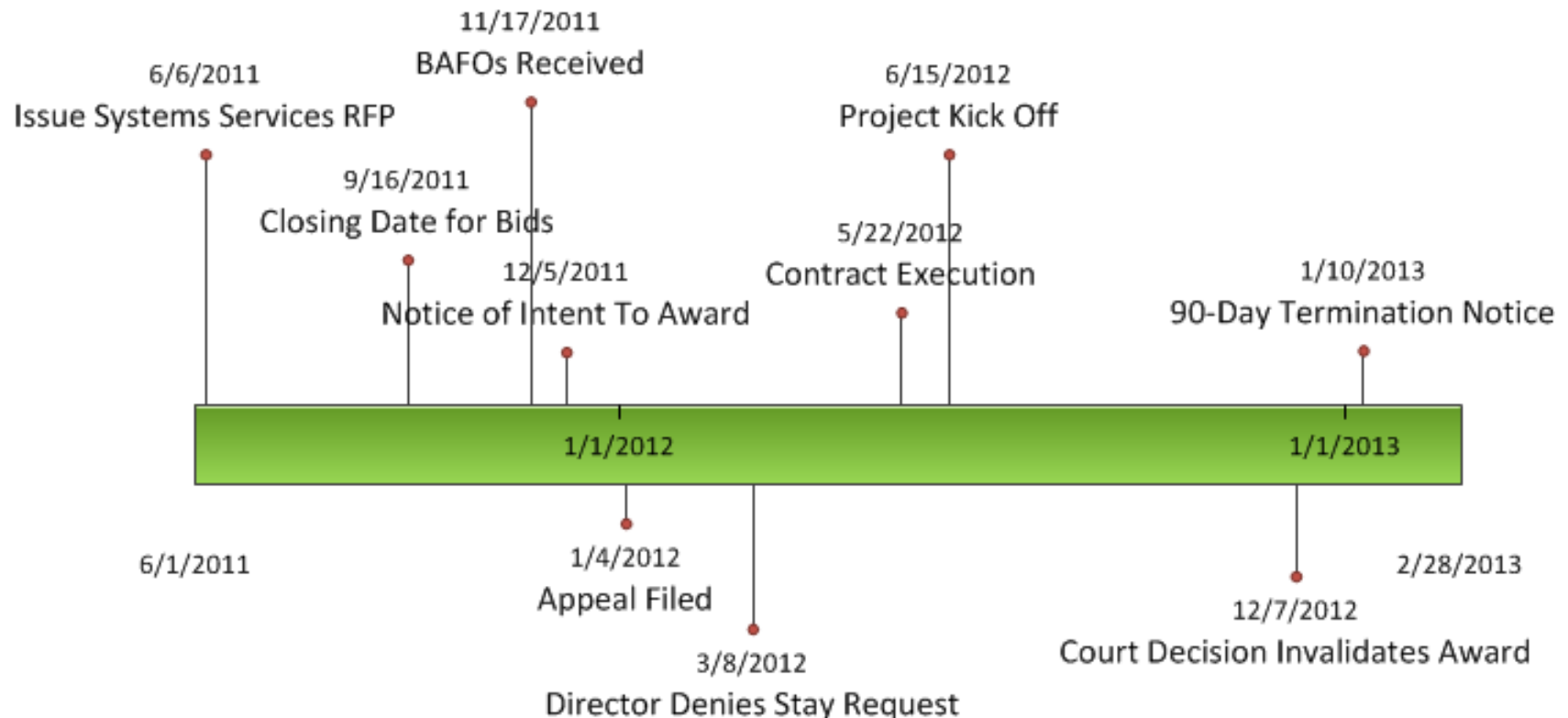
## Court Actions

### Timeline

- **12/7/2012:** District court decision invalidating award
- **12/17/2012:** DHS requests clarification of Court's order
- **1/4/2013:** District Court issues ruling on Request for Clarification
- **1/10/2013:** DHS Issues 90-Day Termination Notice Letter to Accenture
- DHS does not agree with decision and has filed an appeal
- However, DHS acted promptly to comply with decision
- DHS has worked closely with CMS throughout the entire process



## MMIS Procurement Timeline





## Expenditures for MMIS Project

Contract	State Expenditures	Total Funds Expenditures	Notes
Cognosante (TA Vendor)	\$178,530	\$1,785,300	<u>Not from RIIF funds.</u> Expenditures prior to RIIF appropriation. Expended from Medical Contracts funds. Estimated cost for MMIS RFP development and all associated research and analysis prior to the RFP. Contract was for a fixed price for multiple scopes of work. MMIS RFP was not priced separately. Estimated at 65% of contract value.
Accenture *	<u>\$712,801</u>	<u>\$7,128,012</u>	<u>RIIF</u> - Includes all deliverables completed from May 2012 through January 2013
Total	\$891,331	\$8,913,312	

**\* Note: Contract terms permit payments only for completed work products or deliverables defined in the contract.**



## Impacts of MMIS Project Delay

- Overall project delayed estimated 9-12 months
- Delayed ability to accomplish project goals for an MMIS that meets program, policymaker, provider needs
- Delays meeting new MITA 3.0 requirements. DHS will comply with all new CMS requirements through 12/31/2015
- New CMS requirements on 1/1/16 are more challenging, but we are confident we can find solutions
  - DHS will work with CMS and next bidder to ensure compliance with all CMS mandates and preserve federal match
  - Other states will be in a similar position



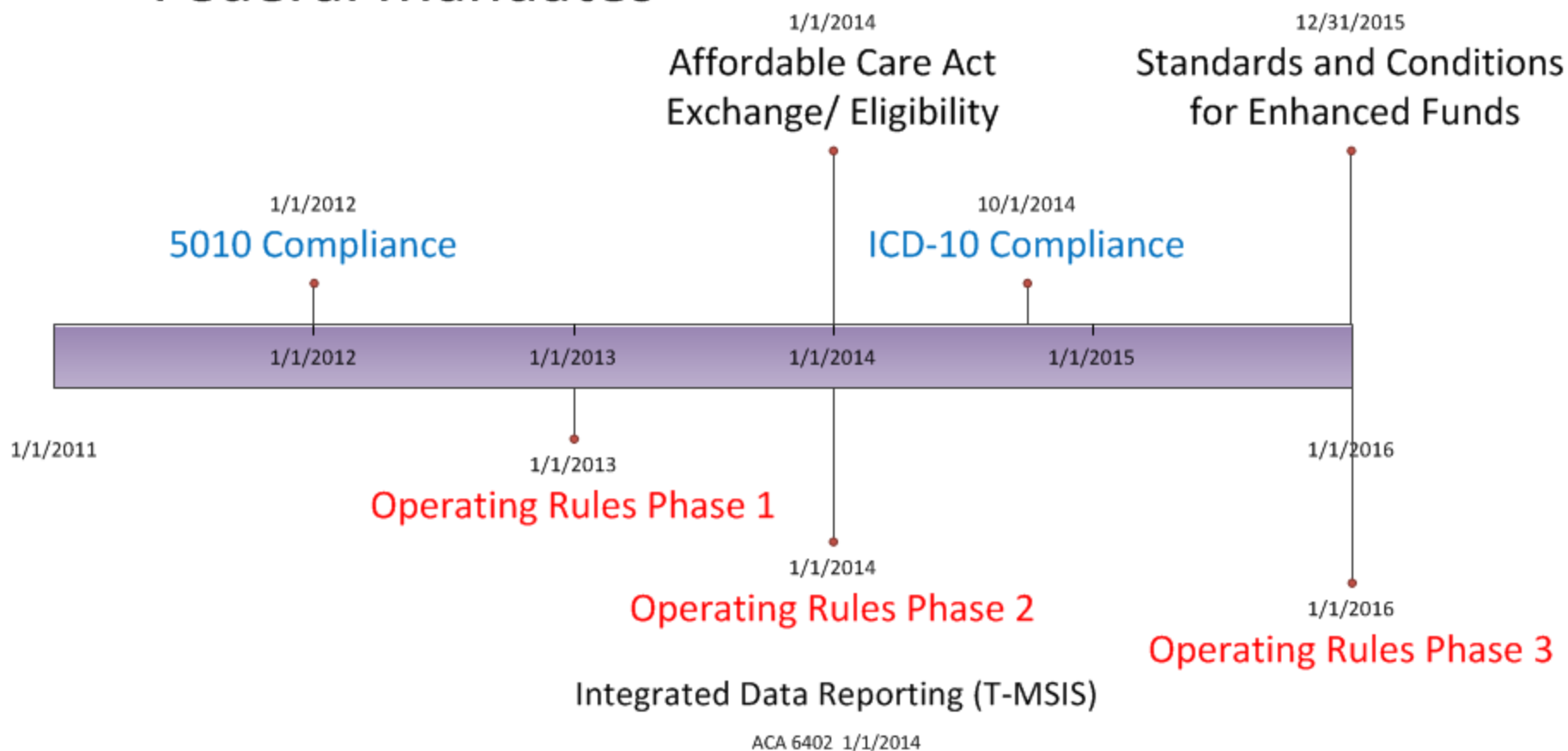


## Impact continued

- Work is not lost. By entering into the contract with Accenture and developing deliverables to date, the state is better off than if we had not entered into the contract. DHS will be able to maximize the use of materials already received.
- New RFP will address weaknesses identified by the Court
- Cost to reissue RFP will be minimal
- Cost changes to overall project will be unknown until new bid proposals are received. If a funding need is identified it would be addressed in FY 16.



## Federal Mandates





## Next Steps

- Notice of Intent to issue RFP released 2/20/13
- RFP process will be overseen by State CIO
- DHS coordinating with CIO and DAS to work through the details
- DHS continues to work with CMS